

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
SEPTEMBER 7, 1999  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on September 7, 1999 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: Robert F. Vickrey, Chairman; and Members Gregory C. Jones, Joseph A. Lamendella, and Stuart P. Levine.

Also in attendance were: Administrator Sergio E. Acosta, Special Counsel to the Board Robert F. Casey, Deputy Administrators Joseph Haughey, Allan McDonald, Roger Shiels, and Thomas Swoik, Chief Counsel Mareile' Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Jones called the meeting to order at 10:00 a.m. Member Jones moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

**Issues Concerning Applicants and Licensees  
Recommendations of Administrative Law Judges  
Pending Litigation and Matters Involving Probable Litigation  
Investigatory Matters  
Personnel Matters  
Closed Session Minutes**

Member Lamendella seconded the motion. The Board adopted the motion by unanimous consent.

The Board convened in Open Session at 2:10 p.m.

Board Minutes

Member Lamendella moved **that the Board approve the minutes from the open and closed sessions of the July 20, 1999 regular meeting and the July 26, 1999 special meeting.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

### Chairman's Report

Chairman Vickrey stated that staff is working toward implementing procedures to expedite the review and processing of future Internal Control revisions and submissions. Staff is also working toward increasing the number of persons reviewing current submissions to alleviate the present backlog.

Chairman Vickrey stated that several licensees have requested initial consideration for proposed barge construction. The Chairman informed all licensees that prior to approving any such projects, the Board would like each owner licensee to submit expert reports attesting to the soundness of the engineering structure and electrical workings; and, the environmental air quality of the facility as well as any other matters relating to public health and safety. He stated that the reports must be submitted to staff prior to the Board's final approval of any project.

Chairman Vickrey reported that Mac Ryder, Deputy Chief Legal Counsel, retired from State government on August 31. He stated that Mac was one of the most valued employees on staff. His overall contribution and personal touch will be greatly missed. The Board wished him well.

### Administrator's Report

Administrator Acosta reported that:

Since the advent of dockside gaming gross revenues for all licensees have increased significantly both in July and August compared to year ago figures.

Staff has received comments on the emergency rules for implementing dockside gaming, license relocation and other provisions enacted in Public Act 91-40. The comments are being considered in preparation for the second filing with the Secretary of State.

A lawsuit alleging sexual harassment (Mlekush v. Belletire) was dismissed on August 4, 1999. Staff is working with outside legal counsel in developing a policy for the Board pertaining to sexual harassment issues in addition to the Department of Revenue rules.

Administrator Acosta thanked Mac Ryder for his many years of service on behalf of the staff. He also thanked the staff and Board members for their assistance during his initial period with the Gaming Board.

### Public Commentary

Tom Grey, National Coalition Against Gambling Expansion, addressed the Board concerning his continued fight against gambling expansion and to ensure that what gambling the State currently has is contained and constrained by existing legislation.

Mr. Grey thanked the Board for moving his remarks prior to making a decision on the ALJ report regarding the license held by Emerald Casino, Inc. (formerly HP, Inc.) Mr. Grey expressed his views of SB1017, the relocation of docksites, 24-hour gambling and the availability of ATMs on riverboats.

Mr. Grey suggested that the Board protect its integrity and uphold its staff's decision and the decision of the ALJ and the legal ruling. He suggested that the Board adopt the ALJ's decision and allow the Emerald Casino to apply with other interested parties for the license.

### Monthly Performance Report

Deputy Administrator Swoik summarized the monthly statistical reports for July and August regarding AGR, admissions and patron counts. He reported that the July AGR exceeded \$131.4 million. August AGR was slightly down to \$127.9 million. Both months were approximately 35 percent over last year figures.

Mr. Swoik reported that the taxes collected for both the State and local communities have increased by 24.8 percent and 11 percent respectively during the 1999 calendar year. Licensees have moved into the next higher tax bracket 214 days earlier this year than last.

Chairman Vickrey asked some clarifying questions about increases in the percentage and dollar value of AGR as well as increases in admissions.

In response to Chairman Vickrey, Mr. Swoik stated that CRI's AGR is about 54 percent higher (a \$500,000 - \$600,000 increase) than in August 1998.

### Administrative Hearings/ALJ Reports

HP, Inc. d/b/a EMERALD CASINO, INC. – Chief Counsel Cusack stated that on May 5, 1999 the ALJ in the administrative hearing entitled the Denial of the Renewal of HP, Inc. Owner's License granted the staff's motion for

summary judgment. In so doing the ALJ reaffirmed the Board's initial decision taken in June 1997 to deny the renewal of HP's owner's license. Subsequent to this decision HP filed two motions for reconsideration. Both motions were denied.

Ms. Cusack stated that due to the effectiveness of SB1017 on June 25, 1999 in pertinent part provides as follows: *"A licensee that was not conducting riverboat gambling on January 1, 1998 may apply to the Board for renewal and approval and relocation to a new home dock location authorized under Section 3(c) of the Act."* Ms. Cusack advised the Board that given the new law the Board must now consider the applicability of the ALJ decision to the status of this license.

Member Jones moved that

**Having reviewed the record in the matter of the Denial of the renewal of the owner's license of HP, Inc., and Public Act 91-40, I move that Emerald Casino, Inc. (formerly known as HP, Inc.) be permitted to file an application for renewal and relocation of its license.**

**I further move that pursuant to Board Rule 3000.440 the Board adopt the following Order in the matter of the Non-Renewal of the owner's license of HP, Inc.**

**Order**

**The Board finds that:**

**The recommendation of the Administrative Law Judge in the matter of the denial of the renewal of the owner's license of HP, Inc. is moot; and**

**Emerald Casino, Inc. (formerly known as HP, Inc.), a licensee that was not conducting riverboat gambling on January 1, 1998, may file an application for renewal and relocation of its license subject to all applicable provisions in the Illinois Riverboat Gambling Act and Board Rules.**

**The basis for the Board's Order is that on January 1, 1998, HP, Inc. was a licensee that was not conducting riverboat gambling and the Illinois Riverboat Gambling Act, as subsequently amended on June 25, 1999 by Public Act 91-40, now provides that:**

***A licensee that was not conducting riverboat gambling on January 1, 1998 may apply to the Board for renewal and approval of relocation to a new home dock location authorized under Section 3(c) ...***

Member Levine seconded the motion. The Board approved the motion unanimously by a roll call vote.

**Owner Licensee Items**

ALTON/ARGOSY – Don Malloy representing Alton requested initial consideration for renewal of its owner's license.

Chairman Vickrey asked if Alton had seen any changes in revenues and patrons since the signing of SB1017 in June. Mr. Malloy stated that there has been a tremendous increase in patrons and revenue.

James Montana, representing Alton, requested initial consideration of its barge expansion project.

Member Lamendella reiterated Chairman Vickrey's comments that the Board will be evaluating the soundness of the engineering structure and electrical workings; and, the environmental air quality of the facility as well as any other matters relating to public health and safety before making any decisions on barge expansion projects. Mr. Montana stated that the expert reports will be submitted to staff shortly.

Chairman Vickrey asked if the facility proposed was used in another jurisdiction. Mr. Montana stated that they are proposing installing two barges side-by-side, one barge was formally used at the Lawrenceberg, IN location and the other barge (a flat barge) was used in the oil industry.

CASINO ROCK ISLAND ("CRI") – Donna More, representing CRI, requested initial consideration of their site modification proposal. She stated that CRI is making the request in direct response to safety issues that were raised by the U.S. Coast Guard. Ms. More stated that CRI is also seeking a Board decision to assist CRI in submitting to the Board its financial and capital development plan, which was part of the renewal conditions placed on CRI as part of its May 1999 renewal.

Ms. More stated that CRI is seeking to move its operations across the street from its present location to a reservoir that CRI would construct. The proposed site would still be in the City of Rock Island. Ron Wicks diagramed for the Board members and staff where the boat is currently located and the proposed site. He then answered specific questions about other vessels and barges currently on the river.

Chairman Vickrey asked Ms. More to explain the safety concerns that CRI faces. Ms. More stated that the Coast Guard did a risk analysis as part of dockside gaming and found that out of a possible combined score of 30 points, the CRI

being permanently moored in its current location rated a 9. Ms. More stated that one of the main reasons was due to commercial traffic. Mr. Wicks explained the travel patterns the barges utilize after exiting one of two locks.

Chairman Vickrey asked Mr. Wicks to describe its proposal to build a cofferdam. Mr. Wicks stated that a parking lot would be "cut out" and a barge would be pushed into the space and sealed off by a cofferdam or a wall. CRI's proposed barge would then be isolated from the river traffic.

Ms. More stated that two other proposals CRI has discussed would be to build a reservoir or a pipe under ground and funnel in Mississippi water to a reservoir.

Member Jones asked how close to the boat do the barges get when normally navigating and making turns. Mr. Wicks stated it is about 150 yards but can come as close as 50 yards.

Member Lamendella commented that this matter requires maritime review, legal review and an engineering study. Ms. More stated that CRI has submitted an analysis to staff as to why CRI thinks its proposal is in accordance with the Act.

Chief Counsel Cusack stated that staff is reviewing the issues and is not prepared at this time to address the site proposal.

ELGIN RIVERBOAT RESORTS ("ERR") – Ms. More, representing ERR, requested initial consideration of the renewal of its owner's license. Pete Dominguez, the General Manager of ERR, stated that while dockside gaming has increased its revenues it has also created new challenges with the possibility of future competition. ERR is working on increasing its market share and increasing its non-gaming venues such as additional restaurants and an entertainment facility at the Grand Victoria.

Nancy Fishman, Executive Director of the Grand Victoria Foundation, stated that ERR donates 20 percent of its annual net operating income to support charitable purposes throughout the State of Illinois. Ms. Fishman stated that the Grand Victoria Foundation is a non-profit corporation formed to manage and distribute the funds. Funds are distributed by making grants to charitable organizations. To date, the casino has contributed \$55.5 million. The money is managed by both the Foundation (12.5 percent) and by Kane County (7.5 percent). Both Kane County and the Foundation support economic development, education and environmental organizations.

Since opening, the Foundation has given \$11.1 million in grants. When the Foundation was created it initially focused on local recipients in Elgin and Kane County. Ms. Fishman stated that as they mature the Foundation is focusing on a broader region including statewide as mandated by its corporate charter.

In response to Member Lamendella, Ms. More stated that the accounting firm for the Foundation is Altschuler, Melvoin and Glasser.

Chairman Vickrey referred to a recent article in a local newspaper about a proposal to build a downtown community recreation center. He asked if the proposed site was located near the riverboat. Mr. Dominguez stated that it was 1 mile from the Grand Victoria.

Mr. Dominguez requested initial consideration for 24-hour gaming at the Grand Victoria casino. He stated that representatives of ERR have spoken to the City of Elgin and reported that as a business matter it makes sense to extend the current 22 hour gaming day to a 24-hour day. Mr. Dominguez stated that 300-400 patrons are present at closing time everyday.

Member Lamendella asked if the 300-400 patrons are playing table games or slots. Mr. Dominguez stated that it is a split, about 50/50.

Ms. More stated that ERR would make all necessary Internal Control changes to ensure the integrity of the gaming operation.

Administrator Acosta asked if the City of Elgin is in favor of 24-hour gaming. Mr. Dominguez responded yes. The Administrator stated that staff will be reviewing the issue of 24-hour gaming and working with ERR to gather further information.

Member Jones asked what two-hour period is the Grand Victoria currently closed. Mr. Dominguez responded from 6:30 a.m. - 8:30 a.m. daily.

CASINO QUEEN, INC. – Bill Roberts and Craig Travers, representing Casino Queen, requested initial consideration for approval to conduct 24-hour gaming.

Deputy Counsel Cusack asked if the State of Missouri allows for 24-hour gaming. Craig Travers responded yes. Ms. Cusack asked if the City of East St. Louis is in favor of 24-hour gaming. Mr. Travers responded yes.

Member Lamendella asked what Casino Queen feels are the business benefits of 24-hour gaming. Mr. Travers estimated that 300-400 customers are on the vessel at closing. He stated that economically and operationally, 24-hour gaming would allow for a more standardized shift situation for employees.

Member Lamendella asked what variable expenses would be affected by the additional two hours of gaming. Mr. Travers stated that staffing and salaries would be affected.

Chairman Vickrey asked if the expanded gaming would cause an increase in the number of employees. Mr. Travers responded no that it would help in standardizing the shifts. He stated that the Casino Queen currently has 6 hour, 8 hour and 10 hour shifts. It would allow for three standard eight-hour shifts.

Member Lamendella asked if the hold would be sufficient to cover the variable for the two hours. Mr. Travers answered yes.

Member Jones asked if Missouri law allowed for casinos to be open 7 days a week 24-hours a day. Mr. Travers answered yes.

Chairman Vickrey asked what two hours the Casino Queen is currently closed. Mr. Travers stated that the casino closes at 7:00 a.m. and reopens at 9:00 a.m. Chairman Vickrey asked if during the 22 hours of operation if alcohol is served. Mr. Travers responded yes.

Mr. Roberts requested initial consideration for a barge construction project. He stated that the Casino Queen intends to build a new barge facility at its current location but in a moat. The facility is estimated to cost approximately \$30 million. The facility will be 100,000 square feet -- 40,000 sq. ft. or more of gaming space, 25,000 sq. ft. will be dedicated to the entertainment complex and 35,000 sq. ft. to public areas. Mr. Travers showed diagrams of the proposed facility and described the existing site and the proposed changes. Mr. Travers stated that the casino floor would be a barge in a moat.

Chairman Vickrey asked Mr. Travers his views on the issue of the Mississippi River. Mr. Travers stated that Casino Queen's view would be to be in a moat to avoid the problems stemming from being in a channel and unpredictable river levels.

Chairman Vickrey asked how many times the river has risen where the tunnel could not be used. Mr. Travers stated that within the first three years of operation, the river rose above the wall five times. He added that in the last three years it has not risen above the wall at all.

The Chairman asked about the river traffic in and about St. Louis. Mr. Travers stated that it is the most frequently used river area for barge traffic on the Mississippi River. Casino Queen is located next door to Continental Grain, which transfers product from rail, truck and barge all from the one facility.

Member Lamendella asked what positions the 300-400 patrons are playing. Mr. Travers stated that it is 50/50 between tables and slots. Member Lamendella asked what the maximum capacity is on the vessel. Mr. Travers stated that its vessel is Coast Guard rated for 4,000 people but has never been occupied by more than 2,500 patrons at a time.

Administrator Acosta asked Casino Queen representatives to address the issues of being in compliance with the Act in terms on being on the Mississippi River and also whether Casino Queen considers the project to be a relocation of the casino when it makes its submission to staff.

EMPRESS CASINO JOLIET ("Empress") – Mike Hansen, representing Empress, presented initial information for a proposed barge construction project. Mr. Hansen stated that Empress representatives would be meeting with the Board's staff September 10 at which time blueprints and other materials would be provided.

Administrator Acosta asked that Empress be prepared at the meeting to address the issue of the proposed reservoir/moat facility.

EMERALD CASINO, INC. – Michael Ficaro, representing Emerald Casino, requested initial consideration of its renewal, relocation and financing package.

Administrator Acosta stated that staff will be preparing and submitting to Emerald an application form to be used for its renewal request.

ALTON GAMING COMPANY (“Alton”) – Due to a staff error the following motion was offered as a correction to a motion made at the July 20 Board meeting.

Member Lamendella moved **that the Board approve Roger L. Archibald as a Key Person of Argosy Gaming Company.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

HARRAH’S CASINO JOLIET (“Harrah’s”) – Jim Rankl, representing Harrah’s, requested renewal of its owner’s license. Mr. Rankl addressed three issues of importance to Harrah’s. First, in response to recent underage gaming incidents, Harrah’s has undertaken a comprehensive review of its policy and procedures. Harrah’s has identified several measures to improve its efforts in preventing underage gaming. Mr. Rankl discussed the following nine measures to combat underage gambling:

All guest safety supervisors have been directed to review and discuss policy and procedures with guest safety officers prior to their shifts.

Harrah’s has created and displayed posters to remind its employees of its policy and the need to continually be aware and on the lookout for underage gaming.

Harrah’s has posted articles on disciplinary actions with regard to underage gaming.

Harrah’s has relocated existing signage in the pavilion area to a prominent area directly in front of turnstiles.

Harrah’s has delegated the responsibility to check IDs to guest services representatives in the area of the turnstiles during boarding.

Harrah’s has increased staffing at its turnstiles to two officers between the hours of 2:30 p.m. and 6:30 a.m.

Employees have been instructed to check IDs of anyone looking 30 years of age or less.

New signage has been posted at the turnstile area, which informs patrons that you must be 21 years of age to gamble and gain entry to the riverboat.

Patrons will also be notified that if an underage person boards the vessel they will be cited and may be subject to a fine of up to \$750.

Mr. Rankl stated that last year Harrah’s was required to cooperate with the Board in reviewing its hiring practices, specifically pre-employment screening of applicants. Harrah’s director of human resources has met with Board agents to provide the Board with an overview and the policies and procedures Harrah’s employs. Harrah’s also participated in the Board and industry effort to create a standardized application form and Harrah’s continues to retain an outside firm to conduct background checks. Third, over the last several months the Board has required licensees to show diversification in its work force. Mr. Rankl stated that Harrah’s is an equal opportunity employer. Mr. Rankl stated that for the period ended August 31, 1999 Harrah’s employed approximately 1,400 employees of which 56 percent are female. In addition 28% is comprised of minorities.

Mr. Tom O’Donnell, General Manager of Harrah’s Joliet, discussed four major areas in 1998 in which Harrah’s has made major accomplishments: financial and economic impact; charitable and civic contributions; responsible gaming; and, capital investment.

Mr. O’Donnell stated that in 1998 Harrah’s achieved \$162 million in gaming revenue. Harrah’s employs 1,250, with a payroll of \$40 million, and is one of the largest employers in Will County. Harrah’s is committed to the revitalization of the downtown area in the City of Joliet.

Mr. O’Donnell stated that dollars saved from a tax abatement were given back to the City in a special service grant focused on supporting growth of the downtown area. He stated that Harrah’s is in its second year of a 10-year commitment of \$700,000 (\$76,000 per year). Thus far, three new businesses have relocated to the Citi-Center and a fourth is pending at this time.

Mr. O’Donnell stated that Harrah’s is in the process of investing \$31 million in its Joliet property. The construction of a skywalk and VIP lounge was part of a \$3 million project; in the fourth quarter of 1998 Harrah’s started another \$3 million project renovating its entire pavilion; construction on its hotel cost \$29 million and is due to open November 8, 1999; and Harrah’s has notified the Board of its intent to purchase the Government Services building at a cost of \$1.7 million.

Administrator Acosta recommended renewal of Harrah’s owner’s license.

Member Lamendella stated that Harrah's responsible gaming initiative is commendable and asked how the literature is disseminated to patrons. Mr. O'Donnell stated that the pamphlets are available throughout the pavilion but particularly guest contact areas and entrances located in the pavilion and on the casino floor.

Member Jones asked if Harrah's has a sense of the effectiveness of the programs and how many people pick up or use the programs. Mr. O'Donnell stated that approximately 78 percent of the referrals to the hotline come from casino employees or information provided by the licensees.

Chairman Vickrey commented that since dockside gaming has come about the timeframe for viewing the patrons is more difficult and commended Harrah's on its efforts on responsible gaming.

Member Levine moved **that the Board renew the owner's license of Harrah's Casino Joliet for a period of 1 year expiring September 2000. In renewing the license, Harrah's is ordered to do the following:**

**Harrah's is to undertake a comprehensive review of its Internal Control System and submit revisions that address the areas of concern as identified by the Administrator.**

**Harrah's is to work with staff to assure that all of its employees receive proper training and supervision in critical areas as identified by the Administrator.**

Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

HOLLYWOOD CASINO AURORA ("HCA") – Patt Medchill, representing HCA, requested approval of Jeffrey Anderson as MIS Director.

Member Lamendella moved **that the Board approve Jeffrey Anderson as a Level 1 Occupational Licensee of Hollywood Casino Aurora.** Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.

#### Occupational Licenses

Member Jones moved **that the Board approve 83 applications for an Occupational License, Level 2, and 235 applications for an Occupational License, Level 3, and deny 2 applications for an Occupational License, Level 3.** Member Levine seconded the motion. Member Lamendella abstained. The Board approved the motion unanimously by voice vote.

#### Complaints & Disciplinary Actions

Having reviewed the staff's report, Member Levine moved **that the Board issue a disciplinary complaint against Kamal Randolph and revoke his occupational license.** Member Jones seconded the motion. Member Lamendella abstained. The Board approved the motion unanimously by voice vote.

#### Board Policy Items

Bill Roberts, representing Casino Queen, requested Board approval of a new game entitled Caribbean Draw Poker. Larry Gaver from Mikohn Gaming gave an overview of the game and the rules.

Member Lamendella asked how many tables Casino Queen initially plans on implementing. Mr. Travers, General Manager of Casino Queen, responded that its vessel currently has four Caribbean Stud game tables and they are going to convert two of the four to Caribbean Draw Poker.

Member Lamendella moved **that the Board authorize the game "Caribbean Draw Poker" as an approved game. He further moved that the Board direct the Administrator to include this game and the definition of this game on the list of Board-approved games and that this game not become authorized for play at any casino until Internal Controls are approved by the Administrator for each owner licensee requesting to offer this game.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

There being no further business to come before the Board, Member Levine moved **that the Board stand adjourned.** Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 4:13 p.m.

Respectfully submitted,



Susan O. Weber  
Secretary of the Board